

Message Text

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44

ACTION FBO-05

INFO OCT-01 EUR-12 ISO-00 A-01 L-02 /021 W

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R 171129Z APR 75

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 4416

LIMITED OFFICIAL USE WARSAW 2267

E.O. 11652: N/A

TAGS: ABLD

SUBJECT: EXTENSION OF LONG-TERM LEASE S-43-FBO-497

PROPERTY 32264

REF STATE 057221

NUMEROUS NEGOTIATION SESSIONS HAVE BEEN HELD WITH PUMA DURING THE PAST MONTH AND WE HAVE REACHED THE FOLLOWING POSITION:

1. PUMA CANNOT EXTEND THE PRESENT CONTRACT. THEIR POLICY FOR PAST FEW YEARS HAS BEEN TO ONLY ENTER INTO INDEFINITE CONTRACTS WITH AN OPTION XOR EITHER PARTY TO CANCEL ON 90 DAYS NOTICE. AT OUR INSISTENCE, WE HAVE, IN THE PAST, BEEN EXEMPTED FROM THE 90-DAY CANCELLATION CLAUSE PRIMARILY ON THE BASIS OF HAVING PREPAID RENTS. ACCORDING TO PUMA THEY HAVE RECENTLY BEEN INSTRUCTED BY MINISTRY OF COMMUNAL ECONOMICS TO ELIMINATE ALL CONTRACTS WHICH DO NOT CONFORM TO INDEFINITE TIME FRAME. CONSEQUENTLY PUMA UNABLE TO EXTEND SUBJECT CONTRACT OR ENTER INTO NEW CONTRACT UNLESS FOR INDEFINITE PERIOD. NEW LEASE REQUIRES NEW MEASUREMENTS OF USABLE SQUARE FOOTAGE OF PROPERTY. AS CURRENT LEASE SHOWS CONSIDERABLY LESS USUABLE AREA THAN IS ACTUALLY OCCUPIED, EMBASSY ESTIMATES AN INCREASE OF APPROXIMATELY ZLOTYS 6,000 PER MONTH IN PUMA RENT.

2. PUMA IS LIKEWISE NOW UNABLE TO ENTER INTO AN INDEFINITE CONTRACT WHICH WOULD BECOME EFFECTIVE UPON EXPIRATION OF THE PRESENT CONTRACT SINCE THIS WOULD VIOLATE MINISTRY GUIDELINES. THE BEST WE ABLE TO OBTAIN IS A LETTER OF INTENT STATING THAT

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PUMA INTENDS TO ENTER INTO AN INDEFINITE CONTRACT WITH US UPON

EXPIRATION OF THE CURRENT ONE IN MAY 1978.

3. A CHECK WITH OTHER MISSIONS REVEALS THAT ABOVE LEASE POLICY IS BEING UNIFORMLY APPLIED THROUGHOUT DIPLOMATIC COMMUNITY.

4. REASON FOR MINISTRY'S INSISTENCE ON INDEFINITE CONTRACTS IS TO ELIMINATE ANY POSSIBLE GROUNDS FOR REFUSING PAYMENT POSSIBLE FUTURE RENT INCREASES. AS DEPARTMENT AWARE, WE HAVE AGREED TO INCREASED PUMA RENTS IN A NUMBER OF CASES WHERE WE HELD DEFINITE CONTRACTS, INCLUDING ACROSS-THE-BOARD RENTAL INCREASE IN 1970.

5. EMBASSY FEELS THAT UNDER PRESENT CIRCUMSTANCES A LETTER OF INTENT FROM PUMA IS AS MUCH PROTECTION AS CAN BE SECURED AT THIS TIME AND THAT ALTERNATE COURSES OF ACTION (REPLACEMENT OF THE EXISTING PUMA LEASE OR DELAYING NEGOTIATIONS WITH THE OWNER UNTIL 1978) WOULD BE CONTRARY TO OUR BEST INTERESTS. IT IS THEREFORE REQUESTED THAT THE DEPARTMENT AUTHORIZE EMBASSY TO ENTER INTO A NEW CONTRACT WITH THE OWNER AS REQUESTED IN WARSAW 1199 UPON RECEIPT OF THE LETTER OF INTENT FROM PUMA.
DAVIES

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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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